

FRANKLIN COUNTY, MISSISSIPPI

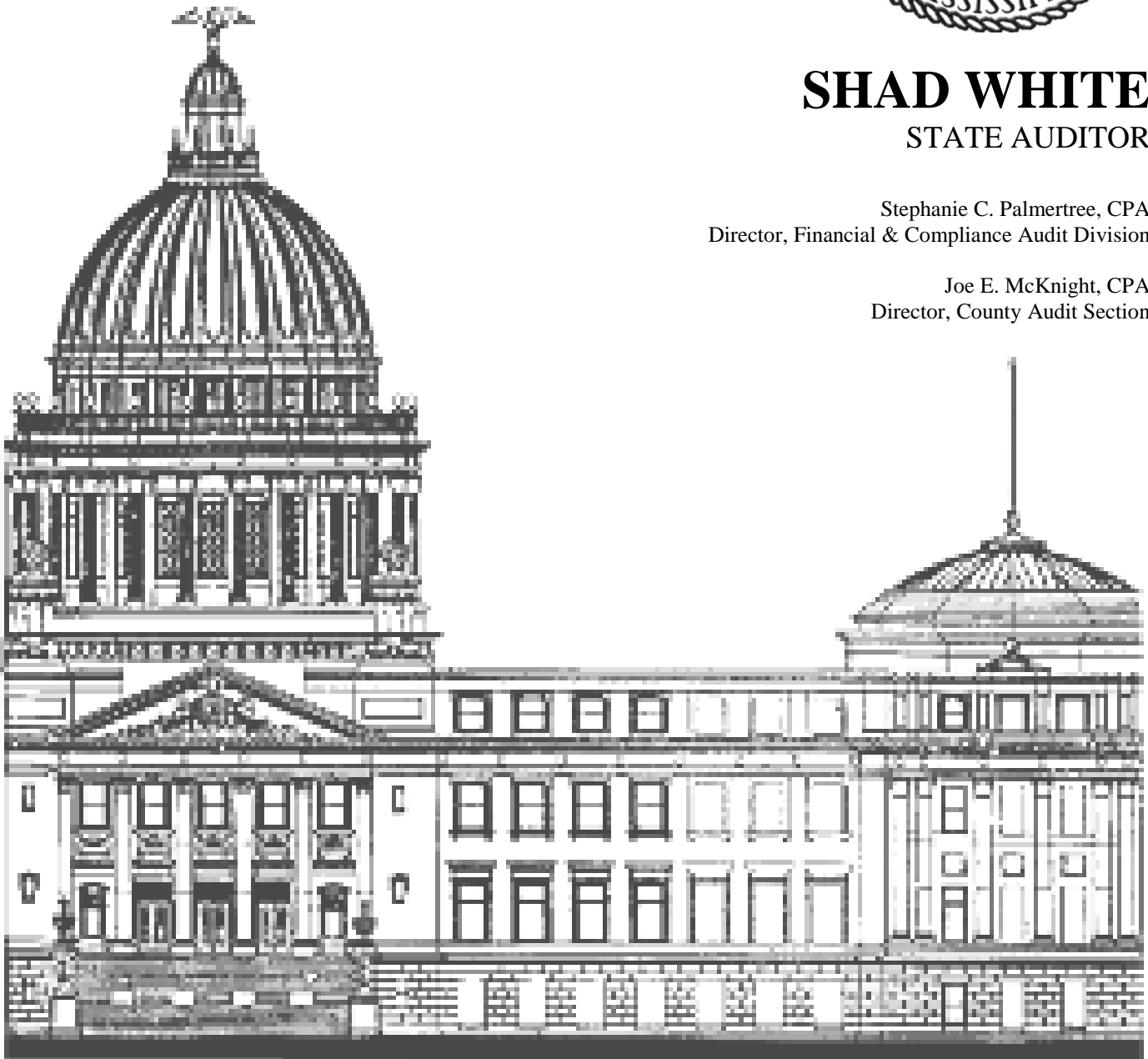
Audited Financial Statements and Special Reports
For the Year Ended September 30, 2017



SHAD WHITE
STATE AUDITOR

Stephanie C. Palmertree, CPA
Director, Financial & Compliance Audit Division

Joe E. McKnight, CPA
Director, County Audit Section



A Report from the County Audit Section

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**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR**

Shad White
AUDITOR

May 9 2019

Members of the Board of Supervisors
Franklin County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2016 financial and compliance audit report for Franklin County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

I appreciate the cooperation and courtesy extended by the officials and employees of Franklin County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Franklin County. If I or this office can be of any further assistance, please contact me or Joe McKnight of my staff at (601) 576-2674.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Shad White", is written over a horizontal line.

Shad White

FRANKLIN COUNTY

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FRANKLIN COUNTY

FINANCIAL SECTION

FRANKLIN COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Franklin County, Mississippi

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Franklin County, Mississippi, (the County) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting, as described in Note 1. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include financial data for the County's legally separate component units. Accounting principles applicable to the County's cash basis of accounting require the financial data for those component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. The amount by which this departure would affect the cash basis assets, net position, receipts, and disbursements of the aggregate discretely presented component units is not reasonably determinable.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly the cash basis financial position of the aggregate discretely presented component units of Franklin County, Mississippi, as of September 30, 2017, or the changes in cash basis financial position thereof for the year then ended in accordance with accounting principles applicable to the County's cash basis of accounting.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Franklin County, Mississippi, as of September 30, 2017, and the respective changes in cash basis financial position thereof for the year then ended, in accordance with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements which describes that Franklin County, Mississippi prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Report on Other Information

The Budgetary Comparison Schedules, Schedule of Investments, Schedule of Interfund Loans and Advances, Schedule of Capital Assets, Schedule of Changes in Long-term Debt, Schedule of Surety Bonds for County Officials and corresponding notes have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2019 on our consideration of Franklin County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Franklin County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Franklin County, Mississippi's internal control over financial reporting and compliance.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

May 9, 2019

FRANKLIN COUNTY

FINANCIAL STATEMENTS

FRANKLIN COUNTY

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FRANKLIN COUNTY
Statement of Net Position - Cash Basis
September 30, 2017

Exhibit 1

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Cash	\$ 4,790,875	0	4,790,875
Total Assets	<u>4,790,875</u>	<u>0</u>	<u>4,790,875</u>
NET POSITION			
Restricted:			
Expendable:			
General government	128,985		128,985
Public safety	908,816		908,816
Public works	1,837,799		1,837,799
Health and welfare	897,057		897,057
Debt service	36,304		36,304
Unemployment compensation	21,752		21,752
Unrestricted	960,162		960,162
Total Net Position	<u>\$ 4,790,875</u>	<u>0</u>	<u>4,790,875</u>

The notes to the financial statements are an integral part of this statement.

FRANKLIN COUNTY
Statement of Activities - Cash Basis
For the Year Ended September 30, 2017

Exhibit 2

Functions/Programs	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position		
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities	Business-type Activities	Total
Primary government:						
Governmental activities:						
General government	\$ 1,982,622	272,525	47,693	(1,662,404)		(1,662,404)
Public safety	1,066,248	115,729	44,638	(905,881)		(905,881)
Public works	2,406,429		763,171	(1,643,258)		(1,643,258)
Health and welfare	73,972		6,216	(67,756)		(67,756)
Education	148,166		151,843	3,677		3,677
Conservation of natural resources	63,078			(63,078)		(63,078)
Economic development and assistance	3,975			(3,975)		(3,975)
Debt service:						
Principal	125,320			(125,320)		(125,320)
Interest	41,687			(41,687)		(41,687)
Total Governmental Activities	5,911,497	388,254	1,013,561	(4,509,682)	0	(4,509,682)
Business-type activities:						
Solid Waste	622,178	417,570			(204,608)	(204,608)
Total Business-type Activities	622,178	417,570	0		(204,608)	(204,608)
Total Primary Government	\$ 6,533,675	805,824	1,013,561	(4,509,682)	(204,608)	(4,714,290)
General receipts:						
Property taxes				\$ 2,508,752	228,091	2,736,843
Road & bridge privilege taxes				112,681	2,657	115,338
Grants and contributions not restricted to specific programs				498,379		498,379
Unrestricted interest income				9,611	37	9,648
Miscellaneous				658,238	11,945	670,183
Proceeds from debt issuance				101,718		101,718
Sale of county property				3,552		3,552
Compensation for loss of county property				2,434		2,434
Total General Receipts and Other Cash Sources				3,895,365	242,730	4,138,095
Changes in Net Position				(614,317)	38,122	(576,195)
Net Position - Beginning				5,405,192	(38,122)	5,367,070
Net Position - Ending				\$ 4,790,875	0	4,790,875

The notes to the financial statements are an integral part of this statement.

FRANKLIN COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
September 30, 2017

Exhibit 3

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Countywide Bridge and Culvert Fund	Hospital Contingency Fund		
ASSETS					
Cash	\$ 960,162	676,199	897,057	2,257,457	4,790,875
Total Assets	<u>\$ 960,162</u>	<u>676,199</u>	<u>897,057</u>	<u>2,257,457</u>	<u>4,790,875</u>
FUND BALANCES					
Restricted for:					
General government	\$			128,985	128,985
Public safety				908,816	908,816
Public works		676,199		1,161,600	1,837,799
Health and welfare			897,057		897,057
Debt service				36,304	36,304
Unemployment compensation				21,752	21,752
Unassigned	960,162				960,162
Total Fund Balances	<u>\$ 960,162</u>	<u>676,199</u>	<u>897,057</u>	<u>2,257,457</u>	<u>4,790,875</u>

The notes to the financial statements are an integral part of this statement.

FRANKLIN COUNTY

Exhibit 4

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances -
Governmental Funds
For the Year Ended September 30, 2017

	Major Funds				
	General Fund	Countywide Bridge and Culvert Fund	Hospital Contingency Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS					
Property taxes	\$ 1,664,105	26,134	123,429	695,084	2,508,752
Road and bridge privilege taxes				112,681	112,681
Licenses, commissions and other receipts	98,415			1,263	99,678
Fines and forfeitures	167,135			23,708	190,843
Intergovernmental receipts	593,843	20,082	1,343	896,672	1,511,940
Charges for services	2,820			94,913	97,733
Interest income	3,925	1,152	1,071	3,463	9,611
Miscellaneous receipts	625,620			32,618	658,238
Total Receipts	<u>3,155,863</u>	<u>47,368</u>	<u>125,843</u>	<u>1,860,402</u>	<u>5,189,476</u>
DISBURSEMENTS					
General government	1,891,053			91,569	1,982,622
Public safety	912,733			153,515	1,066,248
Public works	122,685	179,945		2,103,799	2,406,429
Health and welfare	61,426		12,546		73,972
Education	148,166				148,166
Conservation of natural resources	63,078				63,078
Economic development and assistance	3,975				3,975
Principal				125,320	125,320
Interest				41,687	41,687
Total Disbursements	<u>3,203,116</u>	<u>179,945</u>	<u>12,546</u>	<u>2,515,890</u>	<u>5,911,497</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>(47,253)</u>	<u>(132,577)</u>	<u>113,297</u>	<u>(655,488)</u>	<u>(722,021)</u>
OTHER CASH SOURCES (USES)					
Proceeds from long-term debt issuance				101,718	101,718
Sale of county property	3,552				3,552
Compensation for loss of county property	2,434				2,434
Total Other Cash Sources and Uses	<u>5,986</u>	<u>0</u>	<u>0</u>	<u>101,718</u>	<u>107,704</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	<u>(41,267)</u>	<u>(132,577)</u>	<u>113,297</u>	<u>(553,770)</u>	<u>(614,317)</u>
Cash Basis Fund Balances - Beginning	<u>1,001,429</u>	<u>808,775</u>	<u>783,760</u>	<u>2,811,228</u>	<u>5,405,192</u>
Cash Basis Fund Balances - Ending	<u>\$ 960,162</u>	<u>676,198</u>	<u>897,057</u>	<u>2,257,458</u>	<u>4,790,875</u>

The notes to the financial statements are an integral part of this statement.

FRANKLIN COUNTY
Statement of Net Position - Cash Basis - Proprietary Fund
September 30, 2017

Exhibit 5

	Business-type Activities - Enterprise Fund
	<u>Sanitation and Waste Removal Fund</u>
ASSETS	
Cash	0
Total Assets	<u>0</u>
NET POSITION	
Unrestricted	0
Total Net Position	<u>0</u>

The notes to the financial statements are an integral part of this statement.

FRANKLIN COUNTY

Exhibit 6Statement of Cash Receipts, Disbursements and Changes in Net Position - Proprietary Fund
For the Year Ended September 30, 2017

	Business-type Activities - Enterprise Fund Sanitation and Waste Removal Fund
Operating Receipts	
Charges for services	\$ 417,570
Miscellaneous	11,945
Total Operating Receipts	<u>429,515</u>
Operating Disbursements	
Personal services	130,893
Contractual services	471,427
Materials and supplies	19,858
Total Operating Disbursements	<u>622,178</u>
Operating Income (Loss)	<u>(192,663)</u>
Nonoperating Receipts (Disbursements)	
Property tax	228,091
Road and bridge privilege	2,657
Interest income	37
Net Nonoperating Receipts (Disbursements)	<u>230,785</u>
Net Income (Loss)	<u>38,122</u>
Changes in Net Position	38,122
Net Position - Beginning	<u>(38,122)</u>
Net Position - Ending	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

FRANKLIN COUNTY
Statement of Fiduciary Assets and Liabilities - Cash Basis
September 30, 2017

Exhibit 7

	Agency Funds
ASSETS	
Cash	\$ 754,242
Total Assets	\$ 754,242
LIABILITIES	
Amounts held in custody for others	\$ 754,242
Total Liabilities	\$ 754,242

The notes to the financial statements are an integral part of this statement.

FRANKLIN COUNTY

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FRANKLIN COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Franklin County, Mississippi (the County), is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. The financial statements of the County are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America as established by the Governmental Accounting Standards Board. These accounting principles require Franklin County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County.

Management has chosen to omit from these financial statements the following component units which have significant operational or financial relationships with the County. Accordingly, the financial statements do not include the data of all of the County's component units necessary for reporting in accordance with accounting principles applicable to the County's cash basis of accounting.

- Franklin County Memorial Hospital
- Okhissa Lake Sewer District

State law pertaining to county government provides for the independent election of county officials. The following elected and appointed officials are all part of the County legal entity and therefore are reported as part of the primary government financial statements.

- Board of Supervisors
- Chancery Clerk
- Circuit Clerk
- Justice Court Clerk
- Purchase Clerk
- Tax Assessor-Collector
- Sheriff

B. Basis of Presentation.

The County's basic financial statements consist of government-wide statements, including a Statement of Net Position – Cash Basis and a Statement of Activities – Cash Basis, fund financial statements and accompanying note disclosures which provide a detailed level of financial information.

Government-wide Financial Statements:

The Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental receipts and other nonexchange receipts and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support.

The Statement of Net Position – Cash Basis presents the financial condition of the governmental activities and business-type activities of the County at year-end. The Government-wide Statement of Activities – Cash Basis presents a comparison between direct disbursements and program receipts for each function or program of the County's governmental activities and business-type activities. Direct disbursements are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other receipts not classified as program receipts are presented as general

FRANKLIN COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

receipts of the County, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each business-type activity or governmental function is self-financing or draws from the general receipts of the County.

Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, fund balances, receipts and disbursements. Funds are organized into governmental, proprietary and fiduciary. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

C. Measurement Focus and Basis of Accounting.

The Government-wide, Governmental Funds, Proprietary Funds and Fiduciary Funds financial statements are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves the reporting of only cash and cash equivalents and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) reported in the period in which they occurred. This cash basis of accounting differs from GAAP primarily because revenues (cash receipts) are recognized when received in cash rather than when earned and susceptible to accrual, and expenditures or expenses (cash disbursements) are recognized when paid rather than when incurred or subject to accrual.

The County reports the following major Governmental Funds:

General Fund - This fund is used to account for and report all financial resources not accounted for and reported in another fund.

Countywide Bridge and Culvert Fund - This fund is used to account for monies from specific sources that are restricted for bridge and culvert maintenance.

Hospital Contingency Fund - This fund is used to account for funds received from the benefit of the hospital.

The County reports the following major Enterprise Fund:

Sanitation and Waste Removal Fund - This fund is used to account for the County's activities of disposal of solid waste within the County.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

Special Revenue Funds - These funds are used to account for and report the proceeds of specific cash sources that are restricted or committed to disbursement for specified purposes other than debt service or capital projects.

Debt Service Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to disbursement for principal and interest.

PROPRIETARY FUND TYPE

Enterprise Funds - These funds are used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the County has decided that periodic determination of receipts collected, disbursements paid and/or net income is necessary for management accountability.

FRANKLIN COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

FIDUCIARY FUND TYPE

Agency Funds - These funds account for various taxes, deposits and other monies collected or held by the County, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

D. Account Classifications.

The account classification used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers Association.

E. Deposits and Investments.

State law authorizes the County to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state. Further, the County may invest in certain repurchase agreements.

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less).

F. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as net position and displayed in two components:

Restricted net position - Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position not meeting the definition of "restricted."

Net Position Flow Assumption:

When a disbursement is paid for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County's general policy to use restricted resources first. When disbursements are paid for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

Fund Financial Statements:

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. The following are descriptions of fund classifications used by the County:

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

FRANKLIN COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if disbursements paid for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

Fund Balance Flow Assumption:

When a disbursement is paid for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County's general policy to use restricted resources first. When disbursements are paid for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

G. Property Tax Receipts.

Numerous statutes exist under which the Board of Supervisors may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the County. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase. All property taxes are recognized as receipts when collected.

(2) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2017, was \$5,545,117 and the bank balance was \$5,801,556. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC). Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

(3) Deficit Cash Balance.

For the year ended September 30, 2017, the General Fund paid \$122,685 in expenses incurred by the Sanitation and Waste Removal Fund, which is considered a Proprietary Fund of the County. Therefore, these expenses, as well as the related deficit cash balance, have been reflected in the General Fund and in Governmental Activities.

FRANKLIN COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

(4) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2017, to January 1, 2018. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(5) Contingencies.

Federal Grants - The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the disbursements of resources for allowable purposes. The County may be responsible for any disallowances.

Litigation - The County is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the County with respect to the various proceedings. However, the County's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the County.

(6) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Copiah Lincoln Community College operates in a district composed of the counties of Adams, Copiah, Franklin, Jefferson, Lawrence, Lincoln and Simpson. The Franklin County Board of Supervisors appoints two of the 27 members of the college board of trustees. The County contributed \$196,180 for maintenance and support of the district in fiscal year 2017.

Southwest Mississippi Planning and Development District operates in a district composed of the counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall and Wilkinson. The Franklin County Board of Supervisors appoints four of the 40 members of the board of directors. The County contributed \$13,726 for support of the district in fiscal year 2017.

Southwest Mississippi Mental Health Complex operates in a district composed of the counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall and Wilkinson. The Franklin County Board of Supervisors appoints one of the 10 members of the board of commissioners. The County contributed \$18,000 for its support in fiscal year 2017.

Southwest Mississippi Partnership operates in a district composed of the counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall and Wilkinson. The entity is governed by ten members, appointed by each County's lead industrial foundation or chamber of commerce. If no industrial foundation or chamber of commerce is present, the member is appointed by the County's Board of Supervisors. The County provided no financial support in fiscal year 2017.

FRANKLIN COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

(7) Defined Benefit Pension Plan.

Plan Description. Franklin County, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Funding Policy. At September 30, 2017, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The rate at September 30, 2017 was 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2017, 2016 and 2015 were \$294,903, \$284,067 and \$292,216, respectively, equal to the required contributions for each year.

FRANKLIN COUNTY

OTHER INFORMATION

FRANKLIN COUNTY

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FRANKLIN COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2017
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 1,540,350	1,664,105	1,664,105	
Licenses, commissions and other receipts	65,000	98,415	98,415	
Fines and forfeitures	178,200	167,135	167,135	
Intergovernmental receipts	783,840	593,843	593,843	
Charges for services	500	2,820	2,820	
Interest income		3,925	3,925	
Miscellaneous receipts	4,800	625,620	625,620	
Total Receipts	<u>2,572,690</u>	<u>3,155,863</u>	<u>3,155,863</u>	<u>0</u>
DISBURSEMENTS				
Current:				
General government	1,885,505	1,891,053	1,891,053	
Public safety	1,064,860	912,733	912,733	
Public works		122,685	122,685	
Health and welfare	75,835	61,426	61,426	
Education		148,166	148,166	
Conservation of natural resources	72,360	63,078	63,078	
Economic development and assistance	47,002	3,975	3,975	
Total Disbursements	<u>3,145,562</u>	<u>3,203,116</u>	<u>3,203,116</u>	<u>0</u>
Excess of Receipts over (under) Disbursements	<u>(572,872)</u>	<u>(47,253)</u>	<u>(47,253)</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Sale of county property		3,552	3,552	
Compensation for loss of county property		2,434	2,434	
Total Other Cash Sources and Uses	<u>0</u>	<u>5,986</u>	<u>5,986</u>	<u>0</u>
Net Change in Fund Balance	<u>(572,872)</u>	<u>(41,267)</u>	<u>(41,267)</u>	<u>0</u>
Fund Balances - Beginning	<u>1,156,712</u>	<u>1,001,429</u>	<u>1,001,429</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 583,840</u>	<u>960,162</u>	<u>960,162</u>	<u>0</u>

FRANKLIN COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Countywide Bridge and Culvert Fund
 For the Year Ended September 30, 2017
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 25,000	26,134	26,134	
Intergovernmental receipts	5,550	20,082	20,082	
Interest income	600	1,152	1,152	
Miscellaneous receipts	4,000			
Total Receipts	<u>35,150</u>	<u>47,368</u>	<u>47,368</u>	<u>0</u>
DISBURSEMENTS				
Current:				
Public works	180,550	179,945	179,945	
Total Disbursements	<u>180,550</u>	<u>179,945</u>	<u>179,945</u>	<u>0</u>
Excess of Receipts over (under) Disbursements	<u>(145,400)</u>	<u>(132,577)</u>	<u>(132,577)</u>	<u>0</u>
Net Change in Fund Balance	(145,400)	(132,577)	(132,577)	
Fund Balances - Beginning	<u>812,665</u>	<u>808,776</u>	<u>808,776</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 667,265</u>	<u>676,199</u>	<u>676,199</u>	<u>0</u>

The accompanying notes to the Other Information are an integral part of this schedule.

FRANKLIN COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Hospital Contingency Fund
 For the Year Ended September 30, 2017
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 105,000	123,429	123,429	
Intergovernmental receipts	250	1,343	1,343	
Interest income	350	1,071	1,071	
Total Receipts	<u>105,600</u>	<u>125,843</u>	<u>125,843</u>	<u>0</u>
DISBURSEMENTS				
Current:				
Health and welfare	115,000	12,546	12,546	
Total Disbursements	<u>115,000</u>	<u>12,546</u>	<u>12,546</u>	<u>0</u>
Excess of Receipts over (under) Disbursements	<u>(9,400)</u>	<u>113,297</u>	<u>113,297</u>	<u>0</u>
Net Change in Fund Balance	(9,400)	113,297	113,297	
Fund Balances - Beginning	<u>778,333</u>	<u>783,760</u>	<u>783,760</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 768,933</u>	<u>897,057</u>	<u>897,057</u>	<u>0</u>

The accompanying notes to the Other Information are an integral part of this schedule.

FRANKLIN COUNTY
Schedule of Investments
For the Year Ended September 30, 2017
UNAUDITED

Fund	Description	Maturity Date	October 1, 2016 Balance	Purchases	Redeemed Sales	September 30, 2017 Balance
OTHER GOVERNMENTAL FUNDS						
	Hancock Horizon Treasury Securities Money Market Mutual Fund	Less than one year	\$ 123,660			123,660
TOTAL GOVERNMENTAL FUNDS			\$ 123,660	0	0	123,660

FRANKLIN COUNTY
Schedule of Interfund Loans and Advances
For the Year Ended September 30, 2017
UNAUDITED

The following is a summary of interfund balances at September 30, 2017:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	Balance at <u>Sept. 30, 2017</u>
General Fund	Sanitation and Waste Removal Fund	\$ <u>84,563</u>

The amounts due were for operating expenses for the fiscal year ending 2017. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	Balance at <u>Sept. 30, 2017</u>
General Fund	Sanitation and Waste Removal Fund	\$ <u>38,122</u>

The amounts due were for operating expenses for the fiscal year ending 2016.

FRANKLIN COUNTY
Schedule of Capital Assets
For the Year Ended September 30, 2017
UNAUDITED

Governmental activities:

	Balance Oct. 1, 2016	Additions	Deletions	Adjustments *	Balance Sept. 30, 2017
Land	\$ 259,432			56,567	315,999
Infrastructure	2,953,998				2,953,998
Buildings	1,947,363				1,947,363
Improvements other than buildings	332,052				332,052
Mobile equipment	4,212,214	234,406	45,855		4,400,765
Furniture and equipment	1,211,680	33,300	11,796		1,233,184
Total capital assets	\$ 10,916,739	267,706	57,651	56,567	11,183,361

Business-type activities:

	Balance Oct. 1, 2016	Additions	Deletions	Adjustments	Balance Sept. 30, 2017
Land	\$ 1,516				1,516
Mobile equipment	360,119				360,119
Total capital assets	\$ 361,635	0	0	0	361,635

* Adjustments are to record land that was purchased in prior year.

FRANKLIN COUNTY
Schedule of Changes in Long-term Debt
For the Year Ended September 30, 2017
UNAUDITED

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2017:

<u>Description and Purpose</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Oct. 1, 2016</u>	<u>Issued</u>	<u>Principal Payments</u>	<u>Balance Sept. 30, 2017</u>
Governmental Activities:							
A. General Obligation Bonds:							
Hospital Bond - Series 2003	10/01/2003	07/01/2023	2.00-5.50%	\$ 695,000		85,000	610,000
B. Capital Leases:							
District 5 - Long arm and tractor	02/03/2017	02/03/2020	2.52%		101,718	19,181	82,537
C. Other Loans:							
District 2 - Backhoe	06/23/2016	06/23/2019	2.33%	<u>21,139</u>		<u>21,139</u>	
Total				<u>\$ 716,139</u>	<u>101,718</u>	<u>125,320</u>	<u>692,537</u>

The accompanying notes to the Other Information are an integral part of this statement.

FRANKLIN COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2017
UNAUDITED

Name	Position	Company	Bond
Gary Cameron	Supervisor District 1	Western Surety	\$ 100,000
David Southerland	Supervisor District 2	FCCI	100,000
Mike Hunt	Supervisor District 3	Western Surety	100,000
Jerry Howell	Supervisor District 4	FCCI	100,000
Jimmie Bass	Supervisor District 5	FCCI	100,000
Jill Gilbert	Chancery Clerk	FCCI	100,000
Amanda Perry	Purchase Clerk	FCCI	75,000
Jill Gilbert	Assistant Purchase Clerk	FCCI	50,000
Melanie Harrell	Receiving Clerk	FCCI	75,000
Lawrence Foley	Assistant Receiving Clerk	FCCI	50,000
James Russell	Assistant Receiving Clerk	FCCI	50,000
Thomas Sullivan	Assistant Receiving Clerk	FCCI	50,000
Daniel Sullivan	Assistant Receiving Clerk	FCCI	50,000
Heath Woodcock	Assistant Receiving Clerk	FCCI	50,000
Vickie Young	Assistant Receiving Clerk	FCCI	50,000
Walter Campbell	Assistant Receiving Clerk	Western Surety	50,000
Tullie Ford	Assistant Receiving Clerk	FCCI	50,000
Tonya Blackwell	Inventory Control Clerk	FCCI	75,000
Charles Brown	Constable	FCCI	50,000
Tommy Myers	Constable	FCCI	50,000
Warren Walker	Circuit Clerk	FCCI	100,000
James Newman	Sheriff	FCCI	100,000
Otis Dyer	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	FCCI	50,000
Gordon Dover	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	FCCI	50,000
Roger Causey	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	FCCI	50,000
Arturo Delagarza	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	FCCI	50,000
Lee Turner	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Western Surety	50,000
Brian Monroe	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	FCCI	50,000
Terry Blake Wilkinson	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	FCCI	50,000
Ricky O'Quin	Justice Court Judge	FCCI	50,000
Jerry Crane	Justice Court Judge	FCCI	50,000
Gladys Wilcher	Justice Court Clerk	FCCI	50,000
Jennifer Wallace	Deputy Justice Court Clerk	FCCI	50,000
Jeff Mullins	Tax Assessor-Collector	FCCI	100,000
Rhonda Farris	Deputy Tax Assessor	FCCI	10,000
Vickie Young	Deputy Tax Collector	FCCI	50,000
Traci Carraway	Deputy Tax Collector	FCCI	50,000
Debra Wactor	Solid Waste Clerk	FCCI	50,000
Percy Peeler	Coroner	FCCI	2,000

FRANKLIN COUNTY

Notes to Other Information For the Year Ended September 30, 2017

(1) Budgetary Comparison Information.

A. Budgetary Information.

Statutory requirements dictate how and when the County's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the County, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor-Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of receipt, each general item of disbursement, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

The County's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary basis and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major Special Revenue Fund.

(2) Long-term Debt Information:

- A. Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2017, the amount of outstanding debt was less than one percent of the latest property assessments.

<u>Issue Date</u>	<u>Interest Rate</u>		<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
8/16/2018	2.75%	\$	240,334	Lease purchase	Ad valorem
4/15/2019	3.59%		332,400	Loan	Ad valorem and charges for service fees

FRANKLIN COUNTY

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FRANKLIN COUNTY

SPECIAL REPORTS

FRANKLIN COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of the Board of Supervisors
Franklin County, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Franklin County, Mississippi (the County), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 9, 2019. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles applicable to the County's cash basis of accounting to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Franklin County, Mississippi's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Franklin County, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as 2017-001, 2017-003 and 2017-004 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as 2017-002 and 2017-005 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Franklin County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2017-003.

Franklin County's Responses to Findings

Franklin County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Franklin County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

May 9, 2019



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

**INDEPENDENT ACCOUNTANT'S REPORT ON CENTRAL PURCHASING SYSTEM, INVENTORY CONTROL
SYSTEM AND PURCHASE CLERK SCHEDULES
(AS REQUIRED BY SECTION 31-7-115, MISS. CODE ANN. (1972))**

Members of the Board of Supervisors
Franklin County, Mississippi

We have examined Franklin County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2017. The Board of Supervisors of Franklin County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Franklin County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

Because of inherent limitations in any central purchasing system and inventory system, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

In our opinion, Franklin County, Mississippi complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2017.

The accompanying schedules of (1) Purchases Not Made from the Lowest Bidder, (2) Emergency Purchases and (3) Purchases Made Noncompetitively from a Sole Source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination of the purchasing system and, in our opinion, is fairly presented when considered in relation to that examination.

This report is intended for use in evaluating the central purchasing system and inventory control system of Franklin County, Mississippi, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Joe E. McKnight". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

JOE E. MCKNIGHT, CPA
Director, County Audit Section

May 9, 2019

FRANKLIN COUNTY

Schedule 1Schedule of Purchases From Other Than the Lowest Bidder
For the Year Ended September 30, 2017

<u>Date</u>	<u>Item Purchased</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reason for Accepting Other Than the Lowest Bid</u>
05/01/2017	Fuel	\$ 1.92/1.97	Kaiser Enterprises	\$ 1.88/1.94	Buffalo Services could not deliver fuel on the needed date.
08/07/2017	Fuel	1.80/1.94	Buffalo Services	1.67/1.88	Kaiser bid was received a day late.

FRANKLIN COUNTY

Schedule 2

Schedule of Emergency Purchases

For the Year Ended September 30, 2017

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
02/06/2017	Boiler	\$ 10,034.90	Brumfield Sales	Boiler was unable to be repaired at the jail.
07/20/2017	Bridge	7,300.00	Oddee Smith Construction	Temporary bridge needed. Residents were unable to get to porperty.

FRANKLIN COUNTY

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source

For the Year Ended September 30, 2017

Our tests did not identify any purchases made noncompetitively from a sole source.

FRANKLIN COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Franklin County, Mississippi

In planning and performing our audit of the financial statements of Franklin County, Mississippi (the County) for the year ended September 30, 2017, we considered Franklin County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Franklin County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated May 9, 2019, on the financial statements of Franklin County, Mississippi.

Although no findings came to our attention as a result of these review procedures and compliance tests, these procedures and tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of the internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

This report is intended solely for the information and use of management, the Board of Supervisors, and others within the entity and is not intended to be and should not be used by anyone other than these parties. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Joe E. Mcknight".

JOE E. MCKNIGHT, CPA
Director, County Audit Section

May 9, 2019

FRANKLIN COUNTY

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FRANKLIN COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

FRANKLIN COUNTY

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FRANKLIN COUNTY

Schedule of Findings and Responses For the Year Ended September 30, 2017

Section 1: Summary of Auditor's Results

Financial Statements:

1.	Type of auditor's report issued on the financial statements:	
	Governmental activities	Unmodified
	Business-type activities	Unmodified
	Aggregate discretely presented component units	Adverse
	General Fund	Unmodified
	Countywide Bridge and Culvert Fund	Unmodified
	Hospital Contingency Fund	Unmodified
	Sanitation and Waste Removal Fund	Unmodified
	Aggregate remaining fund information	Unmodified
2.	Internal control over financial reporting:	
	a. Material weaknesses identified?	Yes
	b. Significant deficiency identified?	Yes
3.	Noncompliance material to the financial statements noted?	Yes

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

2017-001.	<u>County signed warrants without sufficient money.</u>
Repeat Finding	Yes
Criteria	Section 19-13-43, Miss. Code Ann. (1972), prohibits the signing of warrants or the delivery of warrants until there is sufficient money in the fund upon which it is drawn to pay the same.
Condition	As reported in prior year's audit report, warrants were issued on funds which did not have sufficient money to pay the warrants. As of September 30, 2017, the following funds had negative cash balances in the indicated amounts: a. Sanitation and Waste Removal Fund - \$122,685 b. Tiger Grant Fund - \$127,803
Cause	The County did not comply with state laws.
Effect	Failure to have sufficient cash balances in County funds prior to issuing warrants on these funds resulted in other funds' cash being used for purposes other than their intended purpose. This situation could result in the Board of Supervisors being held personally liable for such amount.
Recommendation	The Board of Supervisors should ensure that no warrants are signed or delivered until there is sufficient money in the fund upon which it is drawn to pay the same, as required by law.

FRANKLIN COUNTY

Schedule of Findings and Responses For the Year Ended September 30, 2017

Views of Responsible Official(s)	<p>Solid Waste: County is in the process of bring trash collection “in house”. We also increased pick up fees for the first time in ten years. The county feels that this will address the deficit.</p> <p>Tiger Grant: This grant replaced nine county bridges. The County had to pay row fees, attorney fees, etc., prior to grant monies being paid from the grant.</p>
Significant Deficiency	
2017-002.	<u>Internal controls over the receipting of revenue should be strengthened.</u>
Repeat Finding	No
Criteria	An effective system of internal control should include an accurate receipting of revenue into the County’s financial system.
Condition	During the audit, it was noted that the County recorded revenue receipted into incorrect object codes.
Cause	The County did not possess the necessary internal controls to ensure the accurate recording of revenues received into the correct object codes.
Effect	Failure to receipt revenues into the correct object codes could result in inaccurate amounts being reported in the financial statements.
Recommendation	The Board of Supervisors should ensure that control procedures are in place for the accurate receipting of revenues into the financial statements.
Views of Responsible Official(s)	We will comply.
Material Weakness Material Noncompliance	
2017-003.	<u>Controls over repayment of interfund loans should be strengthened.</u>
Repeat Finding	No
Criteria	The Mississippi Code is silent regarding the authority of the County to make interfund loans.
Condition	The County has an interfund loan outstanding that is over one year old. This loan was made to resolve cash flow problems in the Sanitation and Waste Removal Fund. However, this loan was not repaid as of September 30, 2017.
Cause	The County failed to repay outstanding interfund loans.
Effect	Failure of the Board of Supervisors to ensure payment of this loan is an illegal diversion of legally restricted funds.
Recommendation	For any interfund loan made, the Board of Supervisors should approve and record in the board minutes the reason of the loan, when the loan will be repaid and the source of funds for repayment.

FRANKLIN COUNTY

Schedule of Findings and Responses For the Year Ended September 30, 2017

The Board of Supervisors should ensure this loan is repaid by approving and recording in the board minutes a repayment schedule and complying with the repayment schedule.

Views of Responsible
Official(s)
Sheriff.

We will comply.

Material Weakness

2017-004.

The Sheriff's Office should make daily deposits.

Repeat Finding

Yes

Criteria

An effective system of internal controls over cash requires that daily deposits be made.

Condition

As reported in the prior nine years' audit reports, the Sheriff failed to make daily deposits throughout the fiscal year.

Cause

The Sheriff lacks the necessary controls over cash.

Effect

The failure to make daily deposits could result in the loss or misappropriation of public funds.

Recommendation

The Sheriff should implement internal controls to ensure that daily bank deposits are made.

Views of Responsible
Official(s)

I agree with the audit findings. The Sheriff's Department has accounted for all monies taken into this office. I will discuss with the Board of Supervisors the recommendations of the audit department.

Significant Deficiency

2017-005.

The Sheriff should establish adequate segregation of duties.

Repeat Finding

No

Criteria

An effective system of internal control for collecting, recording and disbursing cash in the Sheriff's Office should include adequate segregation of duties.

Condition

The bookkeeper receipts monies, prepares all deposits, makes all deposits, reconciles the bank statements, posts receipts to the cash journal, prepares the monthly settlement reports, and makes disbursements for all fees.

Cause

The Sheriff lacks the necessary controls over the collecting, recording and disbursing of cash.

Effect

Failure to adequately segregate duties over the collecting, recording and disbursing of cash increases the possibility of the loss or misuse of public funds.

Recommendation

The Sheriff should provide for adequate segregation of duties over the collecting, recording and disbursing of cash.

Views of Responsible
Official(s)

I agree with the audit findings. I will discuss with the Board of Supervisors the options I may have for an additional employee in the Sheriff's Office to comply with separation of duties.